

INTRODUCTION: Federal Fiscal Operations

Budget authority usually takes the form of appropriations that allow *obligations* to be incurred and payments to be made. Reappropriations are Congressional actions that extend the availability of unobligated amounts that have expired or would otherwise expire. These are counted as new budget authority in the fiscal year of the legislation in which the reappropriation act is included, regardless of when the amounts were originally appropriated or when they would otherwise lapse.

Obligations generally are liquidated by the issuance of checks or the disbursement of cash—*outlays*. Obligations may also be liquidated (and outlays recorded) by the accrual of interest on public issues of Treasury debt securities (including an increase in redemption value of bonds outstanding); or by the issuance of bonds, debentures, notes, monetary credits, or electronic payments.

Refunds of collections generally are treated as reductions of collections, whereas payments for earned-income tax credits in excess of tax liabilities are treated as outlays. Outlays during a fiscal year may be for payment of obligations incurred in prior years or in the same year. Outlays, therefore, flow in part from unexpended balances of prior year budget authority and from budget authority provided for the year in which the money is spent. Total outlays include both budget and off-budget outlays and are stated net of offsetting collections.

Receipts are reported in the tables as either budget receipts or offsetting collections. They are collections from the public, excluding receipts offset against outlays. These, also called governmental receipts, consist mainly of tax receipts (including social insurance taxes), receipts from court fines, certain licenses, and deposits of earnings by the Federal Reserve system. Refunds of receipts are treated as deductions from gross receipts. Total Government receipts are compared with total outlays in calculating the budget surplus or deficit.

Offsetting collections from other Government accounts or the public are of a business-type or market-oriented nature. They are classified as either collections credited to appropriations or fund accounts, or offsetting receipts (i.e., amounts deposited in receipt accounts). The former normally can be used without appropriation act by Congress. These occur in two instances: (1) when authorized by law, amounts collected for materials or services are treated as reimbursements to appropriations. For accounting purposes, earned reimbursements are also known as revenues. These offsetting collections are netted against gross outlays in determining net outlays from such appropriations; and (2) in the three types of revolving funds (public enterprise, intragovernmental and trust); offsetting collections are netted against spending, and outlays are reported as the net amount.

Offsetting receipts in receipt accounts cannot be used without appropriation. They are subdivided into three categories: (1) proprietary receipts, or collections from the public, offset against outlays by agency and by function; (2) intragovernmental transactions, or payments into receipt accounts from governmental appropriation or fund accounts.

They finance operations within and between Government agencies and are credited with collections from other Government accounts; and (3) offsetting governmental receipts which include foreign cash contributions.

Intrabudgetary transactions are subdivided into three categories: (1) interfund transactions—payments are from one fund group (either Federal funds or trust funds) to a receipt account in the other fund group; (2) Federal intrafund transactions—payments and receipts both occur within the Federal fund group; and (3) trust intrafund transactions—payments and receipts both occur within the trust fund group.

Offsetting receipts are generally deducted from budget authority and outlays by function, subfunction, or agency. There are four types of receipts, however, that are deducted from budget totals as undistributed offsetting receipts. They are: (1) agencies' payments (including payments by *off-budget Federal entities*) as employers into employees' retirement funds; (2) interest received by trust funds; (3) rents and royalties on the Outer Continental Shelf lands; and (4) other interest (i.e., that collected on Outer Continental Shelf money in deposit funds when such money is transferred into the budget).

The Government has used the unified budget concept set forth in the "Report of the President's Commission on Budget Concepts" as a foundation for its budgetary analysis and presentation since 1969. The concept calls for the budget to include all of the Government's fiscal transactions with the public. Since 1971, however, various laws have been enacted removing several Federal entities from (or creating them outside of) the budget. Other laws have moved certain off-budget Federal entities onto the budget. Under current law, the off-budget Federal entities consist of the two Social Security trust funds, Federal Old-Age and Survivors Insurance and the Federal Disability Insurance Trust Fund, and the Postal Service.

Although an off-budget Federal entity's receipts, outlays, and surplus or deficit ordinarily are not subject to targets set by the Congressional resolution, the Balanced Budget and Emergency Deficit Control Act of 1985 [commonly known as the Gramm-Rudman-Hollings Act as amended by the Budget Enforcement Act of 1990 (2 United States Code 900-922)] included off-budget surplus or deficit in calculating deficit targets under that act and in calculating excess deficit. Partly for this reason, attention has focused on both on- and off-budget receipts, outlays and deficit of the Government.

Tables **FFO-1**, **FFO-2** and **FFO-3** are published quarterly and cover 5 years of data, estimates for 2 years, detail for 13 months, and fiscal year-to-date data. They provide a summary of data relating to Federal fiscal operations reported by Federal entities and disbursing officers, and daily reports from the FRBs. They also detail accounting transactions affecting receipts and outlays of the Government and off-budget Federal entities and their related effect on assets and liabilities of the Government. Data are derived from the "Monthly Treasury Statement of Receipts and Outlays of the United States Government."

- Table **FFO-1** summarizes the amount of total receipts, outlays, and surplus or deficit, as well as transactions in Federal securities, monetary assets and balances in Treasury operating cash.

- Table **FFO-2** includes on- and off-budget receipts by source. Amounts represent income taxes, social insurance taxes, net contributions for other insurance and retirement, excise taxes, estate and gift taxes, customs duties and net miscellaneous receipts.

- Table **FFO-3** details on- and off-budget outlays by agency.

- Table **FFO-4** summarizes on- and off-budget receipts by source and outlays by function as reported to each major fund group classification for the current fiscal year to date and prior fiscal year to date.

- Table **FFO-5** summarizes internal revenue receipts by regions and districts and by type of tax. Amounts reported are collections made in a fiscal year. They span several tax liability years because they consist of prepayments (estimated tax payments and taxes withheld by employers for individual income and Social Security taxes), payments made with tax returns and subsequent payments made after tax returns are due or are filed (that is, payments with delinquent returns or on delinquent accounts).

Amounts are reported based on the primary filing address provided by each tax payer or reporting entity. For multistate corporations, the address may reflect only the district where such a corporation reported its taxes from a principal office rather than other districts where income was earned or where individual income and Social Security taxes were withheld. In

Budget Results and Financing of the U.S. Government and First-Quarter Receipts by Source

[Source: Office of Tax Analysis, Office of Tax Policy]

First-Quarter Receipts

The following capsule analysis of budget receipts, by source, for the first quarter of fiscal 2000 supplements fiscal data reported in the December issue of the "Treasury Bulletin." At the time of that issue's release, not enough data were available to analyze adequately collections for the quarter.

Individual income taxes—Individual income tax receipts, net of refunds, were \$215.5 billion for the first quarter of fiscal 2000. This is an increase of \$27.9 billion over the comparable prior year quarter. Withheld receipts increased by \$29.1 billion and non-withheld receipts increased by \$0.4 billion during this period. Refunds increased by \$1.6 billion over the comparable fiscal 1999 quarter. There was an increase of \$3.3 billion in accounting adjustments between individual income tax receipts and the Social Security and Medicare trust funds over the comparable quarter in fiscal 1999.

Corporation income taxes—Net corporate income tax receipts were \$48.8 billion for the first quarter of fiscal 2000. This is an increase of \$1.2 billion compared to the prior year first quarter. The \$1.2 billion change is comprised of an increase of \$0.6 billion in estimated and final payments, and a decrease of \$0.6 billion in corporate refunds.

Employment taxes and contributions—Employment taxes and contributions receipts for the first quarter of fiscal 2000 were \$135.9 billion, an increase of \$5.4 billion over the comparable prior year quarter. Receipts to the Federal Old-Age Survivors Insurance, Federal Disability Insurance, and Federal Hospital Insurance trust funds changed by \$6.3 billion, \$1.3 billion and -\$2.1 billion respectively. There was a -\$1.3 billion accounting adjustment for prior years employment tax liabilities made in the first quarter of fiscal 2000, while there was a \$2.1 billion adjustment in the first quarter of fiscal 1999.

Unemployment insurance—Unemployment insurance receipts, net of refunds, for the first quarter of fiscal 2000 were \$4.2 billion, an increase of \$0.1 billion over the comparable quarter of fiscal 1999. Net State taxes deposited in the U.S. Treasury did not change significantly from \$3.3 billion. Net Federal Unemployment Tax Act (FUTA) taxes did not change significantly from \$0.9 billion.

Contributions for other insurance and retirement—Contributions for other retirement were \$1.2 billion for the first quarter of 2000. There was a negligible increase over receipts from the comparable quarter of fiscal 1999. The growth in contributions will remain relatively flat over the next few years as the number of employees covered by the Federal Employees' Retirement System (FERS) grows slowly relative to those covered under the Civil Service Retirement System (CSRS).

Excise taxes—Net excise tax receipts for the first quarter of fiscal 2000 were \$16.0 billion, a decrease of \$5.1 billion over the comparable prior year quarter. The majority of this difference is attributable to a change in deposit rules. Total excise tax refunds for the quarter were \$0.2 billion, not a significant change over the comparable prior year quarter.

Estate and gift taxes—Net estate and gift tax receipts were \$7.6 billion for the first quarter of fiscal 2000. These receipts represent an increase of \$1.1 billion over the same quarter in fiscal 1999.

Customs duties—Customs duties net of refunds were \$5.0 billion for the first quarter of fiscal 2000. This is an increase of \$0.4 billion over the comparable prior year quarter.

Miscellaneous receipts—Net miscellaneous receipts for the first quarter of fiscal 2000 were \$9.4 billion, a decrease of \$0.1 billion over the comparable prior year quarter. This change is due in part to deposits of earnings by Federal Reserve Banks decreasing by \$0.1 billion.

Budget Results and Financing of the U.S. Government and First-Quarter Receipts by Source, con.

To tal On- and Off-Budget Re sults and Fi nancing of the U.S. Gov ern ment		
[In mil lions of dol lars. Source: Fi nan cial Man age ment Ser vice]		
	First quar ter Oct. - Dec.	Ac tual fis cal year to date
To tal on- and off-budget re sults:		
Total receipts	443,606	443,606
On-budget receipts	338,689	338,689
Off-budget receipts	104,916	104,916
Total out lays	464,224	464,224
On-budget out lays	401,397	401,397
Off-budget out lays	62,827	62,827
Total sur plus or def i cit (-)	-21,221	-21,221
On-budget sur plus or def i cit (-)	-63,311	-63,311
Off-budget sur plus or def i cit (-)	42,090	42,090
Means of fi nanc ing:		
Bor rowing from the pub lic	47,635	47,635
Reduction of oper ating cash	-26,869	-26,869
Other means	455	455
To tal on- and off-budget fi nanc ing	21,221	21,221

First-Quarter Net Bud get Re ceipts by Source, Fis cal 2000			
[In bil lions of dol lars. Source: "Monthly Trea sury State ment of Re ceipts and Out lays of the United States Gov ern ment"]			
Source	Oct.	Nov.	Dec.
Individual in come taxes	63.5	57.5	94.5
Cor po rate in come taxes	2.2	1.7	44.9
Em ploy ment taxes and con tri bu tions	42.4	45.8	47.7
Un em ploy ment in sur ance	1.0	2.9	0.3
Con tri bu tions for other in sur ance and re tire ment	0.4	0.4	0.4
Excise taxes	4.2	6.1	5.7
Es tate and gift taxes	2.6	2.5	2.6
Customs duties	1.8	1.6	1.6
Miscellaneous receipts	2.9	3.1	3.4
Total budget receipts	121.0	121.4	201.2

Note: De tail may not sum to to tals due to in de pend ent round ing.

CHART FFO-A.— Monthly Receipts and Outlays, 1999-2000

(In billions of dollars)

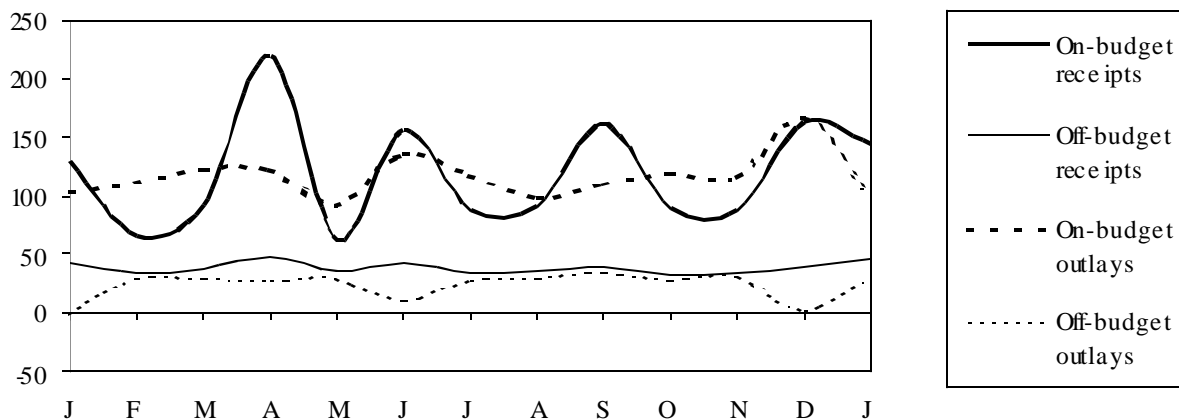
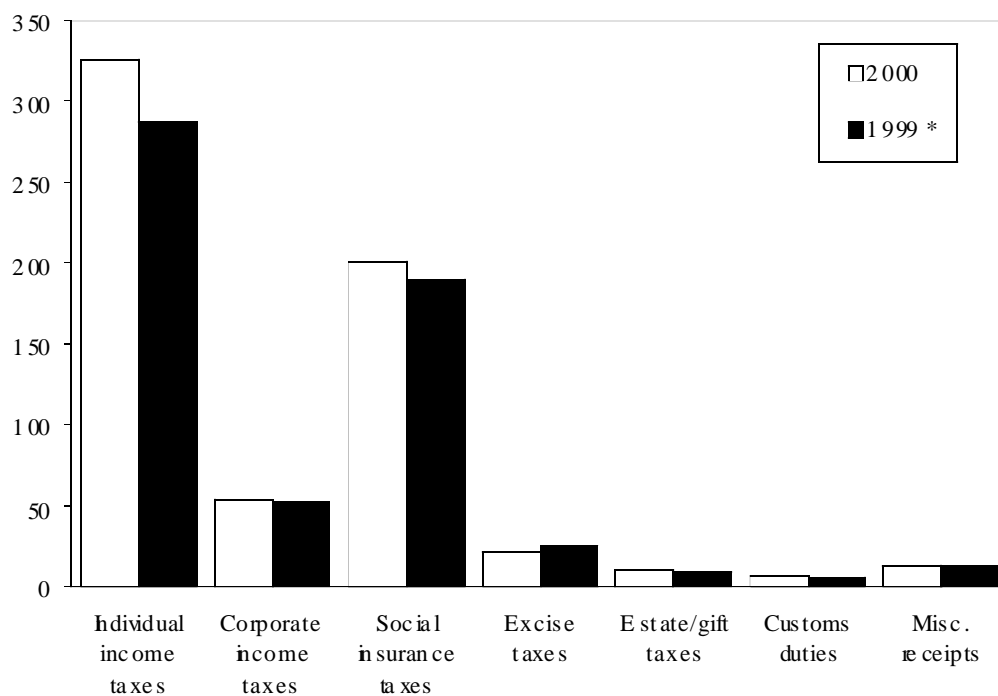


CHART FFO-B.— Budget Receipts by Source, Fiscal Year to Date, 1999-2000

(In billions of dollars)



* Prior-year data are for the comparable period.